ABSTRACT OF THE DISCLOSURE

An automatic international tax planning system is described. In a distributed client server computer network, a transaction analyzer and tax planning system is employed to define a transaction between a company in a first country and a company in a second country. The system first identifies the business entities within a multinational company and the tax paying status for the business entities with respect to an international transaction. The system next identifies any intercompany transactions that can be created to reduce taxes paid by the company for a transaction involving a second company in a receiving country. A user interface takes input in the form of data and parameters from a user, and provides a selection of possible strategies regarding the routing and/or structuring of the transaction. The user selects one or more strategies to evaluate and engages a tax calculation engine to calculate the tax cost associated with the selected strategy. Once an appropriate transaction strategy is selected, the tax costs are calculated and the transaction is validated with respect to the laws of the source and receiving countries. The system can also configured to automatically prepare and file or cause the filing of any applicable tax returns in the source country.